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SUBJECT: Wisconsin Rural Development Guaranteed Rural Housing (GRH) Update

TO: Approved GRH Lenders and Originators

Following is important information regarding the funding status and program delivery of Wisconsin's GRH loan program. Please distribute this information to all of your branch offices, correspondent banks, or mortgage originators that originate GRH loans in Wisconsin.

#### GRH FUNDING STATUS

Thanks for your tremendous support! Wisconsin's year to date usage of GRH funds is up approximately 75% compared to last year at this time. Only a small portion of this increase (approximately 15%) is attributed to refinancing existing Rural Development borrowers. Lenders should contact with their previous year's GRH borrowers to see if they qualify for refinancing at today's low rates. Based on the current rate of funds usage, ample GRH funds are expected to remain available to lenders.

#### INTERNET LINK TO GRH HANDBOOK

You can now access the information contained on the Wisconsin Rural Development GRH Loan Origination and Servicing Handbook cd online at our website [www.rurdev.usda.gov/wi](http://www.rurdev.usda.gov/wi). At our homepage, go to the "Housing" drop down menu and select "Single Family Housing Guaranteed Loans" to access information regarding Wisconsin's GRH loan program. You will note in the upper right hand corner of your screen several "GRH Quick Links" that applicants, lenders, and real estate brokers may find useful. Lenders may also request a copy of the April 2003 version of the GRH Handbook cd from their Local Offices or from the State Office, if they prefer to receive GRH program information in that format. You will be notified by email in the future as updates to the GRH program occur and then referred to our website to view or down load the documents containing the changes. Please call Julie Czappa at (715) 345-7620, ext. 119 if you need additional copies of Wisconsin's GRH Loan Origination and Servicing Handbook cd for your staff. If you become aware of automation concerns or have any problems with our website, please contact our Information Technology (IT) Help Desk at (715) 345-7620, ext. 106. Any questions relating to the content of the cd or website should be directed to our office at (715) 345-7620.

#### RETENTION OF EXISTING MANUFACTURED HOMES

Our policy on whether or not an applicant could retain ownership of their existing home (stick built or manufactured) has been to require the applicant to sell their existing home in order to obtain a GRH loan. This policy was used since the regulations for GRH financing require that eligible applicants not own

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“adequate housing”. By definition, the Agency does not view a manufactured home on a leased site to be adequate housing. An existing manufactured home on a leased site should be viewed as the applicant’s personal property rather than real estate (or adequate housing). For the purpose determining the GRH applicant’s eligibility, it could be determined that the applicant does not own adequate housing if they do not own the real estate on which their manufactured home is located.

Our current policy is that applicants who own an existing home (stick built or manufactured) and the site on which it is located, must sell their existing home in order to obtain GRH financing.

If a GRH applicant chooses to retain ownership of their manufactured home that is located on a leased site, the lender’s underwriter must consider the following:

- Any remaining debt payment on the manufactured home, including the lot rent, must be considered in the applicant’s total debt ratio (TDR) and will not be offset by a proposed rental arrangement.
- A projection of net rental income must be considered for compliance purposes, but will not count as qualifying income unless there is a 24 month history to establish its dependability.

ALT. DOC. AN REISSUED
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Attached is RD AN 3848 that was recently reissued to summarize the GRH program’s documentation requirements in the area of acceptable alternative documentation to verify an applicant’s employment income. This AN replaces RD AN 3683 that was issued on the same topic.

If you have any questions regarding this memo, call (715) 345-7620 for Paul Bartlett at ext. 114 or Sue Kohnen at ext. 115.

/s/

PETER G. KOHNEN  
Rural Housing Program Director

PGK: pjb

Attachment:  
RD AN 3848